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PHILADELPHIA, December 14, 1880.

HON. FREDERICK FRALEY,

PRESIDENT NATIONAL BOARD OF TRADE.

DEAR SIR :—I have the honor to submit to you a "Memorandum on the Commercial Relations of the Dominion of Canada to the United States of America," which I would respectfully urge you to have brought to the attention of the National Board of Trade.

Yours, very respectfully,

WHARTON BARKER.

*Memorandum on the Commercial Relations of the Dominion of
Canada to the United States of America.*

It is generally felt on both sides of the border that the time has come for a new adjustment of the relations existing between the United States and its neighbors on the North. The union of all the British colonies in North America under one government, has made some general and efficient arrangement possible, while it has brought more clearly into view the fact that those colonies have even more business interests in common with the States which lie nearest to each of them, than they have with each other. At the same time the great prosperity of the American republic has awakened discontent in Canada, by the contrast it presents with the slow and unsatisfactory development of that country. This discontent has already produced an unexpected change in Canada's fiscal policy, in the direction pursued by our own Government, and has opened the way to still greater change. It has also caused a very extensive immigration from the Dominion to the United States. It is believed that one-twelfth of the native population of Canada have already transferred themselves across the border, and that a still larger proportion will follow them. For years past our Canadian immigrants have exceeded in number those from any European country, except Germany. All signs seems to show that everything is coöperating to force Canada to pursue a bolder policy, and that it must be one of closer association with the rest of the continent.

In America there is a large degree of interest in Canada; larger, indeed, than at any time since the repeal of the Reciprocity Treaty, though we never were in less need of Canada than now. But we are in no mood for any selfish or churlish attitude towards the free people on our Northern frontier, a people kindred to our own, not only in race and speech, but in religious faith and in the traditions of free government.

Unhappily, the especial representatives of this interest are divided in opinion among themselves. One party favors Reciprocity, an arrangement whose value has been already tested and found insufficient. The first step to Reciprocity must be long and vexatious negotiations, in which each party will suspect the other of overreaching. It would be carried, if at all, by the vote of one party only in our own country; and the return of the other to power would be accompanied by notice of its termination. It would furnish us with matter of disputes and recriminations, extending over every year of its continuance. It would effect nothing towards the reduction of the expenses of either Government, for it would leave us the long and impracticable Custom-House frontier, with every temptation and facility for smuggling. And it would leave the Fisheries Question open for constant disputes and periodical readjustments, as at present.

Apart from these more general considerations, there is no reason to expect from Canada a Reciprocity Treaty such as would be acceptable to the American people. The proposals laid before our Government some years ago by the late Hon. George Brown, provided for the free admission into Canada only of a few of the rougher manufactures, such as might be expected to flourish even in an agricultural country, and under a Free Trade policy. In return for this trifling concession, we were asked to throw open to Canadian farmers the markets, for their products, which have been created in the Atlantic States by our own industrial policy, and which are the chief dependence of our Western farmers. For the Eastern States consume four-fifths of the grain and other provisions which come Eastward across the Alleghanies.

The alternative proposal is one which is already supported among our neighbors by a large body of public opinion, especially in the province of Quebec; and there is reason to believe that it would be accepted by a still larger portion of the Canadian people, if it

should receive the sanction of this National Board of Trade. It is that Canada be taken into our councils in the revision of our tariff soon to be effected, and that a tariff for the whole continent be devised and adopted by both countries. We could then dispense with the long and expensive Customs Line, which now separates the two countries with no advantage to either. As in the case of the German Zollverein, the total customs receipts could be divided proportionally to population, or upon some other equitable basis.

The objections which may be urged to this arrangement, are none of them insurmountable. One is that the competence of Canada to make such an arrangement is questioned. To this it is sufficient to say that all the recent utterances of the British Government in this matter show a readiness to concede to Canada full freedom of action, and that so competent an authority as Sir Alexander Galt, declares that Canada is free to conduct her own negotiations with any foreign power.

Another is the fear of some classes of Canadians that the arrangement may tend to the political absorption of their country by the United States. It is true that in the case of Germany such freedom of intercourse has contributed to political consolidation. But in that case the determination of the people to be one was a powerful sentiment before the arrangement was effected, and the political significance of the Zollverein was due to the fact that it furnished the readiest channel for the public expression of a national feeling which reigned in so many German breasts. On the other hand, modern history abounds with proofs that no commercial intercourse can weaken the national purpose or destroy the national character of an independent people.

It is further objected that the arrangement would take our tariff from our own control. But the worst fault in our fiscal system is the liability of our tariff to sudden and needless changes, and the creation of a new check upon such changes would be rather beneficial than otherwise. Nor is there any proposal to stereotype our existing Tariff, in all its particulars. On the contrary, it is the very first step to a Customs Union with Canada, that we effect such a revision as the representatives of our own industries are asking, and which, if carried out in conjunction with Canada, would give to both countries a tariff which no considerable body of our people will wish to change for many years.

In fine, the road to a wise and lasting adjustment of our commercial relations, is in the union of the people of the whole continent in the work of building up free, happy, and industrious communities in the new world.
